



# Lloyds Bank Limited

## MONTHLY REVIEW

FEBRUARY 1938



# Lloyds Bank Limited

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## TABLE OF CONTENTS

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	PAGE
NOTES OF THE MONTH ... ..	63
HOME REPORTS ... ..	68
OVERSEAS REPORTS ... ..	81
STATISTICS ... ..	96



# Lloyds Bank Limited

## Monthly Review

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New Series—Vol. 9

FEBRUARY, 1938

No. 96

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### Notes of the Month

*The Money Market.*—Money remains extremely easy. The fact that the market did not have to borrow from the Bank of England over the end of the year meant that there were no Bank loans to be repaid during early January, and so money was unusually abundant. The period of heavy revenue collection has now begun, and with it the seasonal reduction in the volume of Treasury bills, which will continue up to the end of March. During January alone the total volume of Treasury bills issued by tender was reduced from £622 millions (which was the highest figure touched for the current financial year) to £587 millions. Simultaneously the supply of bank cash was reinforced by the return from circulation of the Christmas currency. In consequence both short-loan and discount rates have been very low. In the middle of January money was actually borrowed at  $\frac{1}{4}$  per cent., while the tender rate for Treasury bills has fallen to  $\frac{1}{2}$  per cent., which is the minimum rate at which the clearing banks are prepared to buy bills. Three months' bank bills are now quoted at no better than  $\frac{1}{2}$  per cent. Since the New Year the banks have been willing buyers of bills, but the market is so well supplied with funds and has also had recently such difficulty in obtaining an adequate supply of Treasury bills at the weekly tenders, that it is not eager to sell at the prevailing low rates.

By the middle of January all the Christmas currency had returned from circulation, and so the fiduciary note issue was reduced from £220 millions to its normal level of £200 millions. It will be recalled that it was raised to £220 millions last November, as a temporary measure to provide for the Christmas expansion in the note circulation without an undue depletion of the Bank's Reserve. This need has now disappeared, and so the normal fiduciary note issue has been restored.

This change had no effect upon the volume of joint-stock bank cash, as it simply involved a transfer of £20 millions of securities from the Issue to the Banking Department of the Bank of England, in exchange for an equivalent quantity of notes, which were cancelled. The total resources of the Banking Department were unaltered by this change.

*The Foreign Exchanges.*—During January a new crisis developed in Paris, which culminated in the fall of M. Chautemps' first Government. After an interregnum of nearly a week M. Chautemps formed a new Government, but not over-much faith is felt in its duration. These events seriously affected the franc, especially as one cause of the crisis was the revelation that at the end of December the French Treasury had had to borrow a further Frs.5,000 millions from the Banque de France. This brought the Treasury within about Frs.7,000 millions of its present total borrowing powers. A new flight from the franc quickly developed, and during the ten days preceding M. Chautemps' resignation the French Exchange Fund sustained heavy losses of gold and foreign exchange. On the day of M. Chautemps' resignation exchange dealings in Paris were suspended, but in London sterling rose to Frs.154, against the December rate of just over Frs.147. The following week the franc regained some strength. Several open bear positions in forward francs fell due to be covered, while fears that a new French Government might introduce exchange restrictions led to further covering. The spot rate for sterling, therefore, fell to just under Frs.150, and forward rates also improved. Unfortunately this rally was short-lived, and by the end of January spot sterling had once more risen to Frs.152 $\frac{3}{4}$ . The new Government has reaffirmed through its Finance Minister its adherence to the Tripartite Agreement and opposition to exchange restrictions, but recent operations by the French authorities suggest that the French Exchange Fund is not far off the end of its resources. This adds to the obscurity of the outlook.

The dollar has recently shown fresh signs of weakness, owing to some tendency for foreign-owned dollar balances to be used for gold purchases. This also explains why the London price of gold now stands at a relatively high premium over the American shipping price. Other exchange rates have been steady, with the exception of the belga, which has been inclined to weaken.

*The Stock Exchange.*—January has proved another quiet month. Business has been limited, and prices showed few signs of recovery. They were fairly firm at the beginning of the month, but latterly fresh signs of weakness have developed.

In spite of occasional rumours of impending Government borrowing the gilt-edged market has been very firm. Prices generally have risen slightly during January, and early in the month Corporation stocks improved under the influence of a new demand in a narrow market. Foreign bonds were weak. Far Eastern issues have again fallen, while Brazilian bonds moved very irregularly, owing to the fresh uncertainties aroused by the new exchange regulation. Home rails were dull and inclined to weaken. January traffic returns were not thought too encouraging, and the market also had in mind the recent upward trend of costs. Industrials have been dull, with a downward trend towards the end of the month.

Oil shares have been dull and weak. Rubber shares fell at the end of last year, but have since become a shade better. Tea shares have been weak, with practically no business. Gold mining shares improved early in January, but part of their recovery has since been lost. Base-metal shares have been weak.

*Overseas Trade.*—December witnessed a contraction in both imports and exports, which, judged from the experience of previous years, is not wholly seasonal. The extent of the shrinkage is shown in the following table which compares December both with November and also with the Decembers of the two preceding years :—

	Dec., 1935	Dec., 1936	Nov., 1937	Dec., 1937
			£ millions	
Imports ...	74·4	83·5	97·3	94·3
British Exports ...	34·9	40·5	45·2	43·9
Re-exports ...	5·4	6·2	5·3	5·0
Total Exports ...	40·3	46·7	50·5	48·9
Import Surplus ...	34·1	36·8	46·8	45·4

Raw material imports fell from £28·3 millions in November to £27·3 millions in December. In December, 1936, they amounted to £26·1 millions, so that there was little net improvement during the subsequent year. Exports of British

manufactured goods fell from £34·7 millions in November to £33·3 millions in December. Here, again, there was little net improvement during the preceding year, for the December, 1936, returns were £30·3 millions.

The complete returns for the past two years are summarised below :—

Description	Year 1936	Year 1937	Increase (+) or Decrease (—)
	£ mn.	£ mn.	£ mn.
Total Imports ... ..	847·8	1,029·1	+ 181·3
Retained Imports ... ..	787·0	953·9	+ 166·9
Raw Material Imports ... ..	247·9	315·3	+ 67·4
Manufactured Goods Imports ... ..	212·7	275·0	+ 62·3
Total Exports, British Goods ... ..	440·6	521·6	+ 81·0
Coal Exports ... ..	29·3	37·7	+ 8·4
Iron and Steel Exports ... ..	36·0	48·4	+ 12·4
Cotton Exports ... ..	61·5	68·5	+ 7·0
British Manufactured Goods Exports ... ..	340·8	404·8	+ 64·0
Re-exports ... ..	60·8	75·2	+ 14·4
Total Exports ... ..	501·4	596·8	+ 95·4
Visible Trade Balance ... ..	—346·4	—432·3	— 85·9

Total imports show an increase of £181·3 millions over last year, which is shared in almost equally by the three main categories of food, raw materials and manufactured goods. Retained imports were £166·9 millions higher and re-exports £14·4 millions higher. The increase in British exports was £81·0 millions, of which £64·0 millions was in British manufactured goods. In this last category, the chief increases were in iron and steel (£12·4 millions), machinery (£8·6 millions), cotton yarns and manufactures (£7·0 millions, and vehicles (£7·7 millions). Coal exports increased by £8·4 millions.

The adverse visible trade balance for the year is £432·3 millions. This is £85·9 millions greater than in 1936, and it now seems that the complete balance of payments for 1937 will show a deficit.

*Commodity Prices.*—Wholesale prices were steadier during early January. The heavy decline of the autumn months was for the moment checked, and at times certain prices showed a tendency to become firmer. Fresh signs of weakness, however, developed towards the end of the month. Reviewing January as a whole, wheat and maize prices were slightly higher than in December, while American cotton has also

risen since November, doubtless because of the quantity of cotton passing into the Government loan scheme. Wool so far shows little sign of recovery. Several non-ferrous metal prices rose during early January, but this improvement has not been held.

During December the general British wholesale price index rose from 127·4 to 128·1 (September, 1931=100). By the middle of January it had risen still further to 128·8, but it slipped back again to 127·1 in the last week of the month. In the United States December witnessed a continuance of the previous decline, the wholesale price index falling from 125·1 to 120·5, but during the first fortnight of January it recovered to 121·6. During the next fortnight, however, it receded to 120·5. Thus the promise of greater stability in evidence at the New Year has not entirely been fulfilled.

The official cost-of-living index number for Great Britain fell by one point during December from 60 to 59 per cent. above its pre-war level. This decrease was seasonal. The latest index of 59 compares with one of 51 a year before, so that during 1937 the cost-of-living rose by 5·3 per cent. Retail food prices also fell during December by one point from 46 to 45 per cent. above their pre-war level, this movement again being seasonal. The year's increase was from 36 to 45 per cent. above pre-war, equivalent to 6·6 per cent.

## Home Reports

### The Industrial Situation

December gave evidence of a further slight recession in business. The number of insured workers in employment fell between November and December from 11,573,000 to 11,437,000, while both imports of raw material and exports of manufactured goods were below the levels of preceding months. There was a further sharp fall in shipping freights, and there is once more a serious lack of orders for new commercial tonnage. To present a more general picture, the *Economist* index number of business activity fell, after allowing for seasonal fluctuations, from 112 to 110.5 (1935=100).

At the same time there is definite evidence that the country is displaying considerable powers of resistance against the general tendency towards a recession. The activity in the iron, steel and engineering industries remains unabated, and the worst that can be said here is that new orders are beginning to be needed in certain isolated sections. Building remains active, and the returns of building plans passed in December showed an unexpected increase over the previous year. The January demand for industrial chemicals was also up to the average. Last but not least, the number of insured workers in employment on January 17th was 11,309,000, or a drop since December of only 128,000. Superficially this result seems disappointing, as the December returns were themselves depressed by bad weather on the day of the count. The experience of the past five years, however, has shown that the normal seasonal contraction in employment between December and January is just over 200,000. If proper allowance is made for this, the January returns confirm the view that the recession has for the moment been checked.

Christmas trade was better than many people had expected. The expansion in the note circulation compared reasonably well with that of previous years, while retail trade in December showed an increase of 8.3 per cent. over December, 1936. As regards the consumption industries generally, new business remains scarce in the wool textile industry, but the cotton trade improved slightly early in January with the firmer tendency of the raw material. There is some short time in

the boot and shoe trades, but business in the clothing trades is not too unsatisfactory. Among more general industries December witnessed a further expansion in electric power consumption. January railway goods traffic receipts were better than in 1937, but hardly to the full extent commensurate with the autumn increase in rates. January customs and excise receipts were up to the previous year's level, and revenue generally is coming in well. Bank clearings in January were not as good as those of a year ago.

There is no doubt that there has been some recession in business since the early autumn, but it has been very moderate and partial in character, and several important industries have maintained their previous degree of activity. Also the January recession in business was hardly more than can be explained by the normal diminution in activity which always follows Christmas. American business evinced a firmer tendency at the New Year, though little reliance can be placed on this, as the American position is subject to so many influences. Overseas news is variable. Reports from the Empire are reasonably good, and Germany and certain Scandinavian countries are also maintaining their activity. Holland has noticed the general recession, and France has been passing through yet another political and financial crisis. News from South America is not quite so reassuring. Brazilian coffee shipments are disappointing, while the recent drought is likely to reduce Argentine maize exports and may weaken her exchange position. These are all factors which may have their repercussions upon British trade, but at least the British recession has, so far, been very moderate, with little sign of any further deterioration during January.

## Agriculture

*England and Wales.*—According to an official report, work on the land was more forward than usual at the beginning of the year, as most of the sowing was completed during the autumn. Conditions during December were not very favourable for cultivation and sowing, and little further progress was made, except on the lighter and better-drained soils. Germination of autumn-sown crops has been good, and plants are strong and healthy, although late-sown wheat is somewhat backward. Cattle and sheep have done reasonably well, although hill

sheep have suffered from the wintry weather. Breeding ewes are generally good. Milk yields are about normal. Winter keep has been drawn on fairly extensively, but supplies should be sufficient for normal requirements.

*Scotland.*—Notwithstanding unsettled weather conditions, the season has on the whole proved an open one during the past month and farm work is fairly well advanced in most districts. Winter-sown wheat is again beginning to make a little headway. In the produce markets wheat and barley have been in fair supply, with quotations steady, but oats have been lower. The demand for potatoes remains slow, although prices are still holding. All classes of livestock have been forward in larger numbers recently, but rates have been well maintained.

## **Coal**

*Hull.*—There is not much current enquiry, but most collieries are well placed for this year on contract account. The current high prices are expected to be maintained.

*Newcastle-upon-Tyne.*—The outlook is more hopeful for all classes of coal. Best steams, gas and coking coal are all in fair demand for forward delivery. Coke remains a steady market, with spot demand quiet but fair enquiry forward.

*Sheffield.*—Demand for steam coal on inland account is maintained at a high level, and prices are firm. Household fuels are in good demand. The export coal market is quiet.

*Cardiff.*—The South Wales coal market remains steady, and current outputs are readily absorbed. Prices are well maintained and most classes are in good demand. South Wales exports of coal amounted to 16,228,412 tons in 1937, against 13,171,986 tons in 1936, and this is the highest level since 1932.

*Newport.*—Foreign shipments of coal during December totalled 217,000 tons, against 179,000 tons in November, and 193,000 tons in December, 1936. Dock shipments, foreign and coastwise, amounted to 279,000 tons, compared with 263,000 tons in November, and 246,000 tons a year ago. For 1937 shipments were 3,319,000 tons, compared with 2,613,000 tons in the previous year.

*Swansea.*—The market has been very irregular owing to the difficult position of the franc. Most of the best quality anthracites are receiving little attention, but third and other inferior qualities are all moving satisfactorily. All qualities from beans downwards are in strong demand, and it is difficult to satisfy buyers' requirements.

*East of Scotland.*—In Fifeshire first class steams are booked up well ahead, but a few trebles and doubles are on offer for foreign shipment. The position in the Lothians is strong generally, and trebles are a shade firmer.

*Glasgow.*—Inland demand is exceptionally strong, for both household and industrial purposes. Very little coal is therefore available in the export market, and shippers are finding it difficult to obtain even full contract quantities. Export prices are consequently nominal, and occasional concessions are being made to affect a clearance of the limited supplies offering. Foreign enquiry is slack, and owing to the scarcity of supplies and the high prices quoted by producers, sales to importers abroad are very restricted. Stocks on the Continent have been reduced appreciably in the past month or two, however, and although exporters are not discounting the likelihood of keen British and German competition, they are confident that there will be a considerable revival in the buying of Scottish coal when the market becomes easier.

## Iron and Steel

*Birmingham.*—Deliveries are much better, with the exception perhaps of constructional steel, and the outlook is satisfactory. The continued increase in home production, coupled with heavy continental deliveries and the slackening of buying owing to heavy purchases last year, have contributed to the easier conditions. Prices have been fixed until the end of June in the case of basic foundry and forge hematite pig-iron, and until the end of the year for semi-products and finished steel.

*Newport.*—All works have been busy, and in several cases the Christmas holidays were curtailed in order to deal with urgent orders. Iron and steel imports totalled 34,200 tons in December, against 34,500 tons in November, and only 17,700 tons in December, 1936.

*Sheffield.*—The pressure in the basic steel section continues unabated, and plants are producing to capacity. Acid carbon steel manufacturers are also very busy, though new business is slightly less than a year ago. Producers of heavy forgings and castings have plenty of work on hand, and re-rollers find difficulty in coping with the demand. Steel production in 1937 has broken all previous records.

*Tees-side.*—Steel production last year was the highest ever attained, being just short of 3 million tons, while pig-iron output was heavier than in any post-war year. This high rate of activity is being fully maintained, and is necessary if works are to keep pace with the accumulation of orders and the current demands of the principal consuming trades. The position in the iron trade is slightly better, particularly in the foundry section where scarcity has prevailed for so long. Larger tonnages are being distributed, but the aggregate output is not sufficient to meet fully all consumers' needs. A good deal of Midlands iron is being brought to Tees-side to supplement supplies. Conditions in East Coast hematite are satisfactory. Shipyard consumption is well maintained. Export enquiry has fallen away, especially for sheets, as this trade has been seriously affected by the position in the Far East.

*Walsall.*—Malleable ironfounders remain busy.

*Wolverhampton.*—Foundries remain active. There is still a steady demand for constructional material.

*Swansea.*—There was a marked slackening in the demand for tinplates during December, and new business was on a very moderate scale. Prices are easier and were based on 22s. 6d. to 23s. per standard box f.o.b. Welsh ports. The industry was only employed at 64.77 per cent. of capacity.

*Glasgow.*—Production of heavy steel materials is being carried on with undiminished vigour. Demand is as persistent as ever, and although plants are operating at full capacity makers are still in arrears with deliveries. New bookings are on a more restricted scale, but makers are so heavily contracted that the continued activity of the rolling mills is assured for months ahead. Operations in the sheet industry are handicapped to some extent by the reduced demand for galvanised descriptions from overseas markets, and for blocked sheets for makers of motor vehicles in Britain. Re-rollers of steel bars are working at full capacity, but makers of bar iron are

open to accept orders, and tube makers are in need of export business. The light castings trade remains quieter, owing to the slowing down in house building.

## Engineering

*Birmingham.*—Conditions are generally good, although new orders are not coming forward very quickly. The drop forging trade has work in hand for some months, and foundrymen are steadily engaged. Demand for steel tubes is not too good, except for the stainless variety. Makers of aeroplane components and accessories are busy. Motor car component manufacturers are working steadily, but accessory makers are subject to seasonal slackness. The electrical trades are rather quiet.

*Bristol.*—The heavy frosts and rain at the beginning of January were responsible for an increase in unemployment in the building industry. There has, however, been a constant demand for bricklayers and carpenters, but unemployment among painters is high and likely to remain so until the spring. In engineering employment in the aircraft section is good, and owing to the shortage of skilled labour men of inferior qualifications are often given a trial.

*Coventry.*—Aircraft engineering works are busy, and, with the coming into production of the shadow factories, output is expanding rapidly. The machine tool industry is very active, and drop forging factories are also working to capacity. Adverse weather conditions at the beginning of January were responsible for some slackening in building activity.

*Leicester.*—Unemployment among skilled workers is still almost negligible, but most firms now seem largely to have overcome their labour difficulties. During 1937 wages rose by 3s. per week. Several concerns increased their plant substantially, and in most cases are still fully employed.

*Manchester.*—The influx of orders for machine tool makers continues to be very satisfactory, but the volume is not quite so good as a few months ago. This slight lull is welcomed in order to bring production up to date. The heavier engineering sections are in the same position.

*Sheffield.*—The general engineering trades remain very active, and there is certainly no evidence of a likely recession

in trade, which is being discussed in certain quarters. All branches of the tool trade are well employed and orders on hand ensure prosperity for a considerable time ahead. Exports for 1937 showed an appreciable increase over those for the preceding year.

*Walsall.*—Home trade in tubes is good, but export trade has slackened.

*Wolverhampton.*—The electrical, aeroplane, tube and motor passenger and commercial vehicle trades continue busy. Motor car accessory makers are, however, slack. Building has suffered from adverse weather conditions, and so far as the private house section is concerned, reduced demand has also contributed to this slackening, but it is expected to be temporary. At the end of 1937 the number of unemployed was much the same as at the close of 1936, but insured workers have increased.

*Glasgow.*—Although the Clyde yards have still plenty of work on hand, the position is far from satisfactory. Builders who specialise in Admiralty work seem to be assured of ample contracts for a long time yet, but those concerned mainly with merchant vessels are not so happily placed. Differences regarding reasonable costs of production are still an obstacle, and new contracts are delayed on this account.

## **Metal and Hardware Trades**

*Birmingham.*—Business is on the whole active, but the recent seasonal declines in the hardware and hollow-ware trade have not yet been made up in some sections. The cold rolled brass and copper sections have been fairly slack, owing to decreased demand from the electrical and motor industries, and also to users' heavy purchases of last summer, although it is thought that stocks in most cases are now getting fairly low.

*Sheffield.*—The cutlery trade is experiencing its usual seasonal slackness, but enquiries indicate that an early revival may be expected. The E.P.N.S. and sterling silver sections are well employed for the time of year, and prospects are encouraging.

*Walsall.*—Orders have slackened, but full time is still being worked.

*Wolverhampton.*—The lock section continues slack, and there has also been a lull in the hollow-ware trade. Some uncertainty as to the future prevails.

## Chemicals

Demand for industrial chemicals and wood distillation products has been well up to the average for the time of year, and there has been some improvement in business in pharmaceutical and other fine chemicals. The coal tar products market has been dull, and very little interest has been shown in fertilisers. Overseas trade during December was rather disappointing, exports of chemicals, drugs, dyes and colours showing a decrease of £79,410 as compared with December, 1936. For the year 1937, however, exports showed an increase in value over the previous year of £3,568,157, and imports increased by £257,861.

## Cotton

*Liverpool.*—Business on the "spot" market reflects no increase in trading activity. On the American "futures" market occasional shortages of contracts are reported; despite a further increase in the Bureau estimate hedge selling pressure has been light. Of the current supply of 24,500,000 bales, 6,250,000 bales have been pledged to the Government Loan, whilst a considerable quantity of new crop cotton, which is being financed privately in the South, may also be pledged later in the season if the price of "spot" cotton remains below the 9 cent level after allowing for carriage. Of the remainder a proportion is probably not tenderable and, allowing for world consumption of 7,000,000 bales, the carry over at the end of the season may exceed 12,000,000 bales. No definite plan for the restrictions of next season's acreage appears yet to have taken shape in Washington. Prices have remained steady. In Egypt and India export demand is poor, and farmers are withholding cotton, in the hope that American legislation will have a desirable effect.

*Manchester.*—The hardening tendency of cotton prices has been reflected in the yarn market, where the tone is firm. Buyers generally are showing more interest, and it is thought that the upward movement of cotton will bring out orders that have been held in abeyance. There has been more enquiry in the cloth market, but no improvement in the actual volume of business booked.

## Wool

*Bradford.*—Prices are a little firmer, and topmakers are reluctant to make further concessions. Spinners are quiet, and new business is scarce.

*Hawick.*—The recent setback in wool prices has had an adverse effect on the Border tweed trade, and very few mills are working more than four days a week at present. Nor is the hosiery branch any better off, for, while some of the smaller factories are busy, the industry generally is poorly employed. Spinners and dyers are sharing in the prevailing dullness.

## Other Textiles

*Dundee.*—Business in all sections of the raw jute market is still quiet. Prices of the raw material have fallen very low, yet spinners are still difficult to interest. There has been a slightly better enquiry for yarn and cloth, but little actual business has materialised.

*Dunfermline.*—A sharp rise in the prices of the raw material has had little effect on buyers of linen goods, whose purchases are mostly confined to small quantities for early delivery. The position is firm, however, and manufacturers are maintaining their quotations. Both wet and dry spun yarns are meeting with a rather better enquiry. There is also more movement in spun flax and tow, and with the sustained strength of the raw material, spinners are inclined to raise their rates.

## Clothing, Leather and Boots

*Bristol.*—There has been a slight seasonal improvement in the boot and shoe trade. Trade is better than a year ago. The demand for skilled workers in the clothing trade continues.

*Leicester.*—There has been some short time worked in boots and shoes, but the position is on the whole satisfactory compared with a year ago. Colder and more seasonable weather enabled the clothing trade to clear a lot of stocks. In hosiery the principal difficulties are over-production and price-cutting. Seamless rayon hose manufacturers have brought into operation from January 1st a price control scheme, which aims at the abolition of price-cutting. If it proves successful the idea will be placed before other sections of the hosiery industry. This

trade usually lags behind, both in experiencing prosperity and depression, and manufacturers are hoping that this year will see the hosiery trade enjoying its share of the increased national turnover.

*Northampton.*—Some firms still find difficulty in maintaining recent output of boots and shoes, and short time is much in evidence. Confidence as to the future is, however, maintained. The firmness in the leather market has tempted manufacturers to start buying, and some orders are now being placed.

*Walsall.*—In the tanning trade buyers are holding off in the hope of a further fall in prices. The seasonal demand for fancy leather goods has been satisfactory, but glove makers have been somewhat disappointed.

## Shipping

*Bristol.*—The tonnage of vessels arriving at the port increased slightly during January. Foreign imports have been average. The coastwise trade shows a slight decline. Stocks of grain and other goods in the dock warehouses are about normal. The aggregate trade in 1937 showed a marked increase over that of the previous year.

*Hull.*—Business is largely on a f.o.b. basis, and enquiry is negligible. Rates are easy in all directions.

*Liverpool.*—Rates for outward coal tonnage show little change. Time-chartering is quiet for all trades. Homewards the demand for tonnage is slow to improve, and rates generally remain unaltered.

*Newcastle-upon-Tyne.*—There is more movement in the Mediterranean and rates have improved. Baltic, Bay and coasting continue extremely quiet. Any business passing is readily taken up, rates ruling in favour of shippers.

*Southampton.*—The trade returns for 1937 show a considerable increase over those of the previous year. Details are as follows:—

	1936	1937
Gross tonnage of shipping (in) ...	18,539,590	19,522,354
Tons of cargo (out) ...	1,130,077	1,302,417
Passengers (in and out) ...	560,542	621,911

The past year was the best experienced during the post-war

period, and cargo tonnage handled approximated closely to the record pre-war figures of 1913.

*Cardiff.*—Tonnage is plentiful. Rates are consequently easy for practically all destinations.

*Newport.*—Freights fell substantially during December, and there was some difficulty in finding adequate employment for shipping in the latter part of the month. With the improvement in overseas rates there should be an upward turn shortly in coal freights. The total cargo in and out of the port during 1937 totalled 4,518,000 tons, against 3,466,000 tons in 1936. This is higher than in any year since 1931, when just over 5,000,000 tons were imported and exported.

*Swansea.*—Enquiry has been very poor, and even the coasting market is short of orders. Owners have found some difficulty in getting tonnage placed and rates are weak. The agreed minimum rates for the coast have prevented rates from falling below these levels.

*East of Scotland.*—There were over twenty vessels on loading turn at the Forth Coaling Ports on January 19th. Trade at Leith docks for December compared favourably with the same month a year ago, although both coal exports and grain imports showed marked decreases. There has been little change in the freight market, and tonnage remains plentiful with rates easy.

*Glasgow.*—Tonnage is in very restricted demand to load coal at ports in Scotland owing to the scarcity of f.o.b. orders. Enquiry is weak in all sections, and rates are not being thoroughly tested.

## **Foodstuffs**

*Liverpool, grain.*—A feature of the market has been the good demand by United Kingdom millers for Australian wheat. This seems to have been satisfied for the time being, but latent interest from Germany in Argentine wheat is developing. Continental demand generally has been small, but exporting countries are not pressing supplies, and prices remain firm. Fully 50 per cent. of the Australian wheat surplus, estimated at 96,000,000 bushels for the season, is expected to be absorbed in the British Isles. The Argentine yield may have to be revised on a lower basis, and, with

United States and Canadian wheat being firmly held, the market presents a steady tone. In the maize market late selling pressure in Argentina and the United States has been in evidence, but prices show an increase of approximately 6d. on the month to \$7 per cental. The outlook for the new Plate crop has improved, and growers have been encouraged to obtain the comparatively high prices ruling.

*Liverpool, provisions.*—The demand for Continental bacon, canned meats and canned fruits has been good. Supplies of American hams have been clearing satisfactorily with little change in prices. Larger supplies of lard have met with a fair demand. There has been a generally consistent demand for butter, with Continental supplies easier in price and Empire supplies steady. The cheese market was firm, with Empire supplies rather light but in good demand.

## **Fishing**

*Brixham.*—Landings of wet fish during December amounted to 2,690 cwts., valued at £3,309, compared with 4,825 cwts., valued at £5,394 for the previous month. Only a few steam trawlers are now operating from Brixham, as the main fleet has transferred permanently to another port. Demand is keen on small landings, and prices are higher than any other market in the country.

*Hull.*—55,700 cwts. of fish were landed during December, realising a first-hand value of £281,500. The main difficulty was the almost entire lack of plaice and other kinds of flat fish. Prices were reasonable, and although the voluntary scheme for the laying up of 20 per cent. of the fishing fleet of Hull and Grimsby came into force on January 1st, it has so far had little effect, and demand still tends to lag on the available supplies.

*Penzance.*—During the month of December the herring fishing was the best for many years, and lasted much longer than usual. A remarkable quantity of pilchards and mackerel were caught with the herring. The demand for herrings has been good throughout the season, and prices have been above the average for other years. Just before Christmas prices were as high as 17s. per hundred, and one day reached 21s. Mackerel have been from 16s. to 10s. per hundred, and pilchards for export were 10s. per thousand fish.

*Scotland.*—A start has now been made with the winter herring fishing at the mouth of the Forth, but results have been very meagre, and prices have been correspondingly high. The line fishing round the coast continues to be hampered by bad weather conditions, and landings have met a steady demand generally.

## **Other Industries**

*Paper-making and Printing.*—Bristol reports that the position in the paper-making section shows an improvement compared with a year ago, and employment has been good. Printing firms, with one or two exceptions, have been extremely busy.

Edinburgh reports that while there has been some forward buying, conditions in the paper-making trade remain dull generally on account of increasing costs of production. The printing trade eased a little with the completion of end of the year orders, but the outlook is still very hopeful.

*Timber.*—Hull reports that although a few sales have been made from Sweden for 1938 delivery, at about £14 f.o.b. 7-inch basis, for u/s Redwood, with fifths quality at a reduction of £2 per standard, business generally is quiet and importers are showing no interest in the forward market. Stocks at the port and inland are the largest for many years, and there is no incentive to negotiate for further contracts.

Newport reports that pitwood imports in December amounted to 4,350 cubic fathoms, compared with 2,260 in November, and 1,990 in December, 1936. Other timber imports in December amounted to 1,139 standards, compared with 731 standards in November and 1,519 a year ago.

## Overseas Reports

### Australia

*From the National Bank of Australasia Limited*

The progress of secondary industry trade continued during the December quarter, and internal conditions indicate further, though slower, advances. A recent cable reports an improvement in employment. Building remains active. The financial position is easy. Interest rates declined slightly as indicated by higher prices for Government Bonds and a firm Stock Exchange market for industrial shares. Seasonal conditions vary, with feed short in many interior pastoral districts, but coastal divisions are generally satisfactory. According to a recent cable good rains have fallen in Queensland and the coastal districts of New South Wales. The wheat harvest amounts to 175,000,000 bushels, with a high proportion of good quality. Since the holidays the wool market has weakened.

Exports for five months to November 30th, 1937, total £51,002,000 and imports £48,332,000 sterling, compared with exports £44,725,000 and imports £39,483,000 sterling for the similar period of 1938.

### Canada

*From the Imperial Bank of Canada*

During 1937 the general economic index declined by about 8 per cent., owing largely to financial factors rather than to a recession in industrial production and general business activity. Car loadings indicate a satisfactory movement of materials and merchandise, but have declined in the aggregate owing to the small crop in Western Canada. Employment in December showed an increase over the first of the year considerably in excess of normal.

Uncertainty as to the future, indicated by the stock market decline, can be attributed to external factors, particularly in the United States. Canada's dependence on exports makes her vulnerable to any contraction of demand such as has occurred in the United States. Canada's power to resist the recession will therefore continue to depend less on domestic conditions than upon world markets.

## India

*Bombay.*—The American cotton markets were increasingly bullish early in January, and Bombay prices were initially steadier. The Bombay raw cotton market was for a time encouraged by the healthier textile outlook and by a better foreign enquiry for spot cotton. As prices approached the American loan levels, however, trade was naturally inclined to become cautious, and, in fact, a later cable states that there has been a sharp break in the Bombay market. Much will depend on the success of the crop control methods now awaiting formulation in the United States. The piece-goods market has been quiet and stocks are increasing. Manchester has reduced prices to secure more trade, but Manchester prices are still above local prices, and further reductions are expected. Japan has secured some business by means of lower prices. The undertone in local goods is more hopeful and fair sales have been made to consuming centres. Yarns are still uncertain, owing to cotton fluctuation and poor demand. Manchester is being undercut by Japanese and Indian mills.

*Calcutta.*—The loose jute market was dull over Christmas, with a declining tendency, but since the New Year it has been steadier, and a little more interest was shown by the mills. Baled jute followed the same trend, and prices advanced from the lowest levels. December shipments of burlap were good and prices were steady. The market, however, weakened after the holidays, and early in January prices were reduced. This attracted new business from North America and the Argentine, and the market again became steadier. There has also been a reduction in prices of heavy goods. Interest in shellac has latterly revived and Russia has been buying. A good demand for tea has been experienced, and prices have advanced. Only a small quantity of tea with export rights is now to be offered before the close of the season, and prices are expected to remain steady.

## Burma

*Rangoon.*—Heavy rains during the last week of December retarded the rice crop, and caused damage in some districts. The market consequently is nervous and dealings are limited.

The European timber market remains inactive, but there have been enquiries from the Indian railways for squares. The heavy rain after Christmas practically stopped all up-country demand for hardware. Bazaars appear to be heavily overstocked and Indian prices are low. Most selling rates are now below the cost of present stocks.

## Eire

Except for a ten-day period of severe frost, weather conditions have been favourable to normal seasonal work on the farms. Livestock are reported healthy and in fair condition. In the markets supplies of cattle on offer have increased substantially, but with a rather large proportion of secondary sorts. Sheep and pigs on offer are steadily increasing, with a good demand for better qualities and for lamb. The hay and straw trade is quiet. As regards the discussions between the Irish and the British Governments, it is felt that any movement towards freer trade between the two countries will be of benefit.

## France

### *From Lloyds & National Provincial Foreign Bank Limited*

The adverse visible trade balance for the year 1937 was Frs.18,381 millions, compared with Frs.9,922 millions in 1936. This increase is largely due to heavier imports of raw materials. The trade returns are summarised below :—

	Year 1936 Frs. mill.	Year 1937 Frs. mill.	Difference Frs. mill.
<i>Imports—</i>			
Foodstuffs ... ..	7,797	10,727	+ 2,930
Raw Materials ... ..	13,787	25,132	+ 11,345
Manufactured Articles ...	3,830	6,457	+ 2,627
	<hr/> 25,414	<hr/> 42,316	<hr/> + 16,902
<i>Exports—</i>			
Foodstuffs ... ..	2,478	3,373	+ 895
Raw Materials ... ..	4,463	8,427	+ 3,964
Manufactured Articles ...	8,551	12,135	+ 3,584
	<hr/> 15,492	<hr/> 23,935	<hr/> + 8,443

The franc value of imports has increased since 1936 by 66·5 per cent., whilst exports have increased in value by 54·5 per cent.



In the cotton market currency fears and higher prices at source have raised the spot quotation in Havre by about 10 per cent. Large quantities of the American crop continue to be absorbed by the loan scheme, the figure of 5 million bales already having been exceeded, but the grade and staple are probably low. Demand from French mills is fair, but there have been some heavy arrivals, and stocks have increased to 326,000 bales.

*Lille.*—Business in textile remains quiet and demand restricted. A feeling prevails that conditions will not improve until steps are taken in the political field to ensure more stable financial and social conditions. The expected reduction in working hours was decided upon by local spinners towards the end of the year, and cotton mills are now working only a 32-hour week.

The demand of the operatives for an increase of 11 per cent. in wages was submitted to a Government Referee. His award of a 5½ per cent. increase was not at first accepted by all employers, and a strike was threatened, but this has fortunately been averted.

The flax situation shows no improvement and the rise in price of the raw material aggravates spinners' difficulties. Demand continues on a low level and owing to the high level of current prices it is expected that the white sales at present taking place in the big stores will compare unfavourably with those of previous years. Weavers find it difficult to obtain new business, and only orders on a large scale for Government account prevent a larger measure of short time being enforced.

*Roubaix.*—Owing to political and monetary uncertainty business is almost at a standstill. In spite of the fall in prices in the primary markets, quotations on the local wool terminal market are firm, due to the fresh weakness of the franc, but demand for both tops and noils is restricted. In the spinning section conditions are worse, and few spinners are working more than 24 hours a week. New orders are scarce and difficulty is being experienced in getting customers to take delivery of completed orders. There is no change in the position of combers. Raw wool is arriving from the overseas markets, but in less quantities than is usual for this period of the year. The manufacturing section remains very depressed, but makers of low class goods are fairly well occupied. Textile

workers recently demanded an increase in wages of 11 per cent., an agreement being reached on the basis of a 5 per cent. increase. This, together with the recent increase in transport charges, will further enhance prices. Unless an agreement can be reached to modify the 40-hour week, so as to increase production and permit of a reduction in prices it is feared that an increase in unemployment will be inevitable in the near future. Stocks of tops at Kilos.7,717,000 show an increase of Kilos.278,000 on the month, and are Kilos.54,000 higher than a year ago.

## Belgium

*From Lloyds & National Provincial Foreign Bank Limited*

*Antwerp.*—During the past year 12,386 steamers with a tonnage of 25,118,000 tons entered the Port of Antwerp. England retains first place with a total of 3,325. Trade has been quiet. With the exception of maize and linseed oilcake, both of which have remained firm, the price of most cereals has fluctuated sharply, but without affecting consumption. Transactions on the terminal wool market have been numerous with prices unstable. At the moment there is a great disparity between the Antwerp and Roubaix or Tourcoing markets where prices are much higher owing to the exchange uncertainty.

The Stock Exchange remains inactive, but the general tendency is firm. Money continues relatively abundant and discount rates are a little easier. There has been a further increase in the number of unemployed in the diamond industry.

*Brussels.*—After a falling off in demand in the iron and steel market which first showed itself in May, 1937, there are at last signs of a slight recovery, and it is felt generally that if the present uncertainty as to prices should disappear there would be an immediate increase in the volume of orders. Production of steel in 1937 amounted to 3,769,000 tons, against 3,104,000 tons in 1936.

The coal position continues to be relatively satisfactory. Household qualities have been actively sought, but the demand from public utility undertakings for industrials during the last quarter of 1937 was only 75 per cent. of what it was in 1936. Stocks have again been slightly increased.

## Germany

Bad weather conditions in December resulted in an increase in unemployment from 573,000 to 995,000. Out of this increase 220,000 was in the building trade. In other industries the shortage of skilled workers persists. The shortage of agricultural workers is to be relieved by the introduction of 200,000 foreign workmen.

An interesting discussion is taking place on the question of Germany's food supply. The Secretary of State of the Farming Ministry has made the point that a further increase in agricultural production is impossible, owing to the law of diminishing returns. Furthermore, industrial prices have risen more rapidly than agricultural prices in spite of State price regulation. On the other hand the report of the Reichskredit-Gesellschaft reveals a big increase in agricultural income in relation to costs.

The discussions on Stock Exchange reform continue. Security prices have improved slightly in 1938, but the turnover is very small. The President of the Stock Exchange proposes the re-establishment of time-bargains, and also suggests that security bargains now off-set against each other within the large banks should pass through the Stock Exchange.

## Holland

The year has begun in less favourable conditions than 1937. Recessions abroad have had a direct effect on industries dependent on world markets. Plantation companies in the Netherlands East Indies, export undertakings and shipping companies report poor results. The set-back is confirmed by the latest unemployment figures :—

UNEMPLOYMENT					
End of—					
January...	...	466,242	July ...	...	312,907
February ...	...	439,553	August... ..	...	317,812
March ...	...	403,365	September ...	...	324,261
April ...	...	359,726	October ...	...	340,436
May ...	...	328,537	November ...	...	385,983
June ...	...	310,616			

The increase in unemployment has continued in December and January. The shipyards, however, display great activity, and prospects are good, owing partly to naval expansion plans.

Foreign trade has developed favourably, as is seen in the following table :—

		Imports		Exports	
		Millions of Guilders			
		1936	1937	1936	1937
January	...	79	106	50	73
February	...	74	105	50	79
March	...	79	125	55	94
April	...	81	142	57	101
May	...	76	128	53	90
June	...	77	140	53	95
July	...	80	146	60	102
August	...	82	122	63	98
September	...	82	130	72	113
October	...	92	149	76	106
November	...	101	130	77	98
December	...	114	128	80	98
Total	...	1,017	1,551	747	1,148

The value of the imports shows an increase of 53 per cent. and that of exports 54 per cent. over last year. Both these increases are too great to be explained solely by the depreciation of the guilder in September, 1937. The adverse balance of trade for 1937 totals Fl.403 million, compared with Fl.270 million in the previous year, but the amount will be easily covered by the invisible exports.

The decline in wholesale prices continued during December. The index number for food prices (1926-30=100) remained unchanged at 78·8, which is 19·8 per cent. higher than in September, 1936, but the raw materials index has declined since November, by 2·2 per cent. to 62·4; prices of manufactures have fallen by 0·8 per cent. to 78·8, and the general index number by 0·9 per cent. to 75·6. This last figure is still 20·8 per cent. higher than it was in September, 1936.

At the end of 1937 the Netherlands mercantile marine consisted of 873 steam and motor ships of 100 tons and more, aggregating 2·5 million tons. At the end of 1936 it comprised 814 ships aggregating 2·4 million tons.

The Stock Exchange has shown a moderate recovery, but the turnover has been small. In the gilt-edged market there has been a further decline in the yield of bonds. The Government has now made known its conversion plans. A total amount of something like Fl.1,700 million of outstanding 4 per cent. loans is to be converted into a 3 per cent. loan,

the rate of interest on which will be raised to  $3\frac{1}{2}$  per cent. per annum after a period of ten years. This is the largest conversion transaction Holland has yet undertaken.

## Norway

The trade returns are summarised below :—

	Dec., 1936	Nov., 1937	Dec., 1937	12 months 1936	12 months 1937
	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.	Kr. mill.
Imports ...	92·4	132·2	99·4	926·9	1,285·8
Exports ...	74·5	80·2	86·2	685·1	823·3
	<u>17·9</u>	<u>52·0</u>	<u>13·2</u>	<u>241·8</u>	<u>462·5</u>

For the entire year 1937 the import surplus amounts to Kr.462·5 millions or about twice the amount for 1936. Total imports in 1937 were Kr.358·9 millions or about 38·7 per cent. higher than total imports in 1936, and exports were Kr.138·2 millions or 20·2 per cent. higher.

The wholesale price index for January 15th, 1938, was 159 (1913=100). The mid-December index was 158. The index number of the cost of living for December 15th, 1937, was unchanged from the two preceding months at 171 (July, 1914=100). In the course of the year this index number has advanced from 157 to 171, that is by 8·9 per cent.

The number of unemployed on December 15th was 33,906 against 32,239 the previous month and 36,260 in December, 1936. The unemployment figures for each of the twelve months in 1937 have been better than the corresponding months in 1936. The average improvement for the year was 12·5 per cent.

As from January 5th, 1938, the discount rate of the Bank of Norway was reduced from 4 to  $3\frac{1}{2}$  per cent.

Gross freight revenues of shipping amounted to Kr.800 millions in 1937 against Kr.496 millions in 1936. After deduction of various expenditures abroad shipping is estimated to have brought to the country a net income of Kr.400 millions, against Kr.240 millions in 1936. This should cover three-quarters of the import surplus of about Kr.460 millions. The entire fleet, of which 41 per cent. or 1·54 million tons gross are tankers, has been in use practically the whole year.

In the mining industry 1937 has been a record year as regards output. The production value for 1936 was Kr.40

millions, and in 1937 it will probably exceed Kr.50 millions. The value of exports will probably be about Kr.40 millions. At the end of the year, however, prices were declining, and if they continue to do so prospects may not be so bright for 1938.

The monthly indices of industrial production (1935=100, adjusted for the varying number of working days) are summarised below :—

Year	Home Market Industries		Export Industries		Total of Industries	
	Oct.	Nov.	Oct.	Nov.	Oct.	Nov.
1934 ... ..	96	98	99	104	97	100
1935 ... ..	107	106	99	115	104	109
1936 ... ..	120	122	111	113	117	119
1937 ... ..	131	138	105	137	122	136

The record of the past four years is one of steady improvement.

## Sweden

Timber sales have not been large but an improvement in prices has been recorded. Present prices are below the peak of last spring, but are near the year's average. Interest centres on the decision of Etec at their January meeting concerning 1938 production. The opinion is that the present price level will be stabilised. The few dealings have been all with English buyers, amounting to about 100,000 standards.

The tone of the paper pulp market remains quiet. This is partly seasonal, as mills have recently been taking stock and preparing their balance-sheets. Sales, however, have definitely fallen in sympathy with the general economic decline. Last year's speculative purchases built up heavy stocks, and the existence of these are now holding up new business. Mechanical pulp has been firmer than chemical pulp, as a lack of water has restricted output, while shipping difficulties have stimulated a demand for prompt deliveries.

The paper market has been seasonally dull. Here, too, buyers have large stocks on hand. The supply of orders is, nevertheless, satisfactory. Dealings are most active in news-print and wrapping paper.

The iron market is still relatively quiet. A number of meetings of different iron cartels are pending and buyers are waiting in the hope of price reductions. Stocks of various

manufacturers have been substantially reduced lately, and only in isolated cases are prices likely to fall. The lack of water in Central Sweden is still hampering production at a number of ironworks.

## Denmark

On the whole 1937 was a favourable year. The peak of industrial activity was reached in May, with an index of 138 (1931=100), but the index has since declined to 131. Building activity fell away during the year, but an improvement is expected in the spring. Gross shipping income is estimated at Kr.285 millions, against Kr.215 millions in 1936. The export value of agricultural products totalled Kr.1,093 millions, against Kr.969 millions in 1936. The foreign exchange position was completely reversed, for a passive balance of Kr.60 millions in December, 1936, was turned into an active balance of Kr.56 millions at the end of 1937. This improvement was concentrated in the latter half of 1937. Unemployment, however, has become worse. The average unemployment percentage in 1937 was 21.9, against 19.3 in 1936.

The freight index fell from 176.2 in November to 161.8 in December, compared with a peak of 207.7 in September. Prices for butter and eggs have recently weakened. Butter has fallen from Kr.283 to Kr.238, and eggs from Kr.166 to Kr.110, this setback being due to a decline in demand from England and Germany. A year ago both prices were much lower. The bacon market has been weak, but prices are unchanged at Kr.170.

## Switzerland

*From Lloyds & National Provincial Foreign Bank Limited*

Prices of Federal and Cantonal Bonds have further strengthened, 3 per cent. Loans being up to 103½, while several of the 4 per cent. loans are quoted at 108. The political crisis in France during the last few days has stiffened prices still further, but it has also caused a certain shrinkage in dealings in industrial shares. The recent loan of Frs.20 millions, issued by the Town of Geneva, was over-subscribed more than fifteen times.

The winter sports season is very good. Reports from all the centres indicate a large influx of visitors, of which a great number are British. Weather has, on the whole, been

favourable.<sup>1</sup> During 1937, 306,215 foreign motor cars entered Switzerland, an increase of 43,760 over the previous year. Imports compared with 1936 have increased by Frs.540 millions, and exports by Frs.404 millions.

## **Morocco**

### *From the Bank of British West Africa Limited*

Trade in the French zone of Morocco, although improving slightly, continues quiet. Good rains are still reported from all districts, and the outlook for next season's crops, notably barley, is considered to be good. The olive crop now being gathered is specially large and good. British Capitulations in the French zone finally disappeared at the end of 1937, and with them, some days later, the last of the British Post Offices. Details of the new Commercial Treaty with the United Kingdom, which is expected to include certain Customs Tariff revisions, are awaited. Stocks of imported goods generally are about medium. China green tea and Japanese textiles continue to arrive, but the outlook for tea is somewhat obscure. Candles are in better demand. Hard wheat is being imported from Canada, rice from Saigon, and maize from South Africa and Central Europe to relieve local distress in native regions.

In exports a strong demand from France continues for eggs, and, after a lapse of several years, Moroccan eggs are again being shipped to England. Stocks of grain and seeds are small, but shipments of cork, vegetable fibre, tomatoes, oranges, early vegetables, wool, fish and minerals are maintained.

The Budget for 1938 includes no new taxation, and covers an estimated expenditure of Frs.1,087 millions, including loan charges, and Frs.40 millions incurred by supplementary credits in 1937. Estimated receipts anticipate a surplus of Frs.500,000. This year's programme includes new public works (largely to relieve distress), costing Frs.30 millions, to be provided by France.

## **The United States**

Congress is again in regular session. The President's annual message indicated that his chief objectives are to be laws to ensure a relatively constant purchasing power for the farmer, an upper limit to hours and a bottom limit to wages in industry, and relief work for anyone otherwise unemployed.

Doles are not recommended. The recent census of unemployment returned the number of unemployed at November 16th-20th at 7,882,912. This voluntary census was thought to be 72 per cent. complete, so the maximum may be taken at 10,870,000.

Recent statistics do not show that the turning-point of the recession has yet been passed, though the normal corrective forces may already be at work. The automobile industry is ready to expand production at the slightest encouragement, but owing to the used-car situation no increase can be expected before March. Retail sales generally have improved, owing almost entirely to price reductions.

Money is still very cheap, but loans and discounts have declined. A steadier tone has prevailed on the Stock Exchange since the New Year.

Business in sugar has been quiet. Crude rubber dealings have been slow, with slight price declines to within a few points of the lowest point touched in 1937. Stocks are increasing. Copper activity has revived with an improvement in foreign demand and prices are firmer. There has been better enquiry for lead, but zinc is quiet. Interest in tin is at a low ebb. At 1,472,241 tons the steel ingot output for December was the lowest since December, 1934. It was equivalent to only 25·36 per cent. of capacity. The highest rate achieved was 90·24 per cent. last April. Favourable factors are orders from oil companies for tankers, possible orders for merchant steamers from the Maritime Commission, and new railway demands for materials, if freight rates are raised. Even so, output can only be expected to improve to 35 per cent. of capacity. Speculation in cotton has been moderate and price movements have been narrow. Planters have availed themselves steadily of the Government loan facilities. Exports of raw cotton have improved, and so long as the present favourable price relationship is maintained, will probably continue to do so. Home consumption is good. Cotton textiles are seasonably quiet, but mills are resisting price concessions.

## South America

*From the Bank of London and South America Limited*

*Argentina.*—At the end of January the exchange surcharge on imports was reduced from 20 to 10 per cent. This sur-

charge applied only to goods coming from countries not possessing Trade Agreements with Argentina—mainly those countries who sold to Argentina more goods than they bought. Such imports into Argentina do not rank for prior permits and so have to be financed at the free rate of exchange (until recently, 17 pesos to the pound), instead of the official import rate of 16 pesos to the pound. The surcharge, however, was applied to the official rate, and at 20 per cent. its effect was that the importer had to pay, as a tax, the difference between 20 per cent. on to 16 pesos (*i.e.*, 19·20 pesos) and the free rate, whatever the latter might be. Goods from Great Britain were exempt from this surcharge, and could be imported at the official rate under the terms of the Roca Agreement.

The reduction of the surcharge to 10 per cent. apparently meant that the effective rate was reduced from 19·20 to 17·60 pesos to the pound. On the other hand the free rate has simultaneously depreciated to 18·20 pesos to the pound. Thus the free rate, being the higher, has now become the effective rate determining the cost of imports, and it is in fact tantamount to a surcharge of 13·6 per cent., and not 10 per cent. on the official import rate. Thus, part of the reduction in the official surcharge is illusory.

The decision to lower the surcharge may be due to American representations, for the trade balance between the two countries has recently swung over in favour of Argentina. British trade is likely to be more affected by the conclusion of several new Trade Agreements between Argentina and certain European countries, for imports from those countries now rank for prior permits, and can be financed at the official import rate with exemption from surcharge. It is understood that the railways' remittances to London are made at the official import rate, and are not affected by these changes.

January cables state that slight to moderate rains have fallen generally over the maize zone, but in some districts the drought damage is irretrievable and the rain has come too late. The 1938 maize crop is forecast privately at only 5,500,000 tons, against 9,134,730 tons in 1937. The quantity available for export may be only 4,000,000 tons this year, instead of 7,500,000 tons in 1937. This makes the foreign exchange outlook less satisfactory than last year.

*Brazil.*—The publication of details regarding the new exchange regulations makes it clear that foreign-owned milreis balances are now blocked, at least temporarily. It is also announced that the new regulations apply to trade carried on between Brazil and Germany by means of "compensation marks." The coffee market has been quiet, and early January shipments from Santos were disappointing, and prices have again fallen. Trade is suffering from the fact that the bulk of the stocks at Santos consist of low grades belonging to the National Coffee Department. There are numerous enquiries for the better grades, but these are being held in the interior and are not reaching the Santos market. The cotton market has been firm and prices have advanced.

### Japan

A recent cable states that the year opened in fairly cheerful mood. The Stock Market has shown a fairly steady tone, although the atmosphere is one of caution. Wholesale prices have been fluctuating. Meanwhile in preparation for a prolonged war the national economy is steadily moving on to a war-time basis. State control over exchanges, imports, and capital expenditure has been tightened. Production remains at a high level, but output quotas have been enforced in the light industries.

# Statistics

## BANK OF ENGLAND

### Issue Department

	Note Circulation.	Govt. Debt.	Other Govt. Securities.	Other Securities.	Silver Coin.	Fiduciary Issue.	Gold.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
End March, 1931	357·1	11·0	232·0	12·9	4·0	260·0	144·5
" " 1932	360·5	11·0	240·9	19·3	3·8	275·0	120·8
" " 1934	378·8	11·0	245·4	0·1	3·5	260·0	191·1
" " 1935	381·4	11·0	246·7	0·2	2·1	260·0	192·5
" " 1936	406·5	11·0	246·5	1·5	1·0	260·0	200·6
" " 1937	473·8	11·0	187·0	2·0	—	200·0	313·7
Jan. 19, 1938	475·7	11·0	188·7	0·3	—	200·0	326·4
Jan. 26, 1938	473·2	11·0	188·4	0·6	—	200·0	326·4

### Banking Department

	Public Deposits.	Bankers' Deposits.	Other Deposits.	Govt. Secur- ities.	Discounts and Advances.	Other Secur- ities.	Reserve.	Proportion.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	%
End March, 1931	17·2	58·8	34·7	30·3	24·6	25·7	48·3	43·6
" " 1932	27·2	54·6	34·4	35·7	11·7	51·1	35·9	30·9
" " 1934	17·5	94·5	36·9	77·1	5·6	11·0	73·4	49·2
" " 1935	20·1	96·6	41·2	87·6	5·6	11·4	71·7	45·3
" " 1936	18·0	83·6	37·0	80·3	5·0	16·7	54·9	39·6
" " 1937	52·2	62·3	38·5	100·5	7·1	22·9	40·8	27·7
Jan. 19, 1938	11·0	124·4	36·9	104·4	13·0	21·8	51·3	29·7
Jan. 26, 1938	13·6	113·1	37·3	98·9	10·4	19·0	53·8	32·7

### LONDON CLEARING BANKS (monthly averages)

	Deposits.	Accept- ances, Guaran- tees, etc.	Cash.	Balances and Cheques.	Call and Short Money.	Bills.	Invest- ments.	Advances.
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
March, 1931	1,763·9	121·5	184·0	43·5	114·1	240·4	311·1	936·1
" 1932	1,676·4	98·7	174·0	43·4	112·5	216·8	281·9	902·1
" 1934	1,830·6	112·8	218·9	43·5	120·4	202·1	547·1	753·0
" 1935	1,923·3	117·7	214·0	43·6	133·4	207·0	614·4	766·8
" 1936*	2,108·3	105·2	216·7	53·8	162·4	252·0	635·1	849·2
" 1937*	2,244·2	122·5	225·8	62·7	169·8	247·8	667·4	934·4
Nov., 1937*	2,310·8	115·2	234·9	61·0	160·5	297·5	633·7	986·2
Dec., 1937*	2,330·4	114·2	244·3	72·9	163·1	300·1	634·7	979·1

\* Includes the District Bank.

## LONDON BANKERS' CLEARING HOUSE RETURNS

	Town Clearing	Metropolitan Clearing	Country Clearing	Total
	£ mn.	£ mn.	£ mn.	£ mn.
1930 ... ..	38,782	1,812	2,964	43,558
1931 ... ..	31,816	1,668	2,752	36,236
1932 ... ..	27,834	1,610	2,668	32,112
1933 ... ..	27,715	1,657	2,766	32,138
1934 ... ..	30,740	1,760	2,984	35,484
1935 ... ..	32,444	1,887	3,229	37,560
1936 ... ..	35,039	2,040	3,538	40,617
1937 ... ..	36,719	2,162	3,805	42,686
1937 to Jan. 27 ... ..	2,876	178	308	3,362
1938 to Jan. 26 ... ..	2,665	173	308	3,146

## BANKERS' PROVINCIAL CLEARING RETURNS

	Mar., 1929	Mar., 1932	Mar., 1933	Mar., 1934	Mar., 1935	Mar., 1936	Mar., 1937	Nov., 1937	Dec., 1937
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Birmingham...	11·9	9·0	9·7	11·3	9·6	10·7	11·3	10·9	12·1
Bradford ...	5·9	3·4	3·3	4·2	3·8	4·7	4·6	3·6	3·8
Bristol ...	5·3	4·9	5·0	5·4	4·9	5·5	5·5	5·9	5·5
Hull... ..	4·0	3·0	3·2	3·2	3·2	3·4	4·0	3·9	3·7
Leeds ...	4·4	3·8	3·8	4·4	4·3	3·9	4·8	3·7	4·0
Leicester ...	3·6	3·1	3·1	3·3	2·8	3·1	3·3	3·1	3·2
Liverpool ...	34·2	25·6	25·6	26·8	25·8	27·5	35·8	27·3	26·3
Manchester...	58·0	42·5	42·1	46·1	42·8	44·9	50·7	46·3	44·1
Newcastle-on-Tyne ...	6·5	5·7	6·5	6·9	5·5	5·7	6·3	6·6	6·7
Nottingham	2·8	1·9	1·9	2·0	2·0	2·1	2·3	2·1	2·2
Sheffield ...	4·6	3·3	3·5	3·6	3·4	4·3	6·0	4·7	5·1
	141·2	106·2	107·7	117·2	108·1	115·8	134·6	118·1	116·7

## LONDON AND NEW YORK MONEY RATES

	LONDON					NEW YORK		
	Bank Rate	T treasury Bills		3 Months' Bank Bills	Short Loans	F.R.B. Re-discount Rate	Call. Money	Acceptances
		Tender Rate	Market Rate					
	Percent.	Percent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
End March, 1931	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$ -2 $\frac{3}{4}$	2-2 $\frac{1}{2}$	2	1 $\frac{1}{2}$	1 $\frac{1}{2}$
" " 1932	3 $\frac{1}{2}$	2 $\frac{3}{4}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$ -2 $\frac{3}{4}$	2-3	3	2 $\frac{1}{2}$	2 $\frac{1}{2}$
" " 1934	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	2-1	1 $\frac{1}{2}$	1	1
" " 1935	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1-1	1 $\frac{1}{2}$	1	1
" " 1936	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1-1	1 $\frac{1}{2}$	1	1
" " 1937	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1-1	1 $\frac{1}{2}$	1	1
Dec. 29th, 1937	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1-2 $\frac{1}{4}$	1	1	1
Jan. 26th, 1938	2	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{2}$	1-1	1	1	1

## FOREIGN EXCHANGES

London on	1936	1937		1938			
	Jan. 29	Jan. 27	Dec. 29	Jan. 5	Jan. 12	Jan. 19	Jan. 26
New York—							
(a) Spot ...	4.98 $\frac{1}{2}$	4.90 $\frac{3}{4}$	4.99 $\frac{1}{2}$	5.00 $\frac{1}{2}$	4.99 $\frac{1}{2}$	4.99 $\frac{1}{2}$	4.99 $\frac{1}{2}$
(b) 3 months	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.	7 $\frac{1}{2}$ c. pm.
Montreal ...	4.98 $\frac{1}{2}$	4.90 $\frac{3}{4}$	5.00 $\frac{1}{2}$	5.00 $\frac{1}{2}$	4.99 $\frac{1}{2}$	4.99 $\frac{1}{2}$	4.99 $\frac{1}{2}$
Paris—							
(a) Spot ...	74 $\frac{1}{2}$	105 $\frac{1}{2}$	147 $\frac{3}{4}$	147 $\frac{3}{4}$	147 $\frac{3}{4}$	148 $\frac{1}{2}$	153 $\frac{1}{2}$
(b) 3 months	Fr.1 $\frac{1}{2}$ dis.	Fr.3 dis.	Fr.4 $\frac{1}{2}$ dis.	Fr.4 dis.	Fr.9 $\frac{1}{2}$ dis.	Fr.4 $\frac{1}{2}$ dis.	Fr.7 dis.
Berlin—							
(a) Official ...	12.29	12.18	12.40 $\frac{1}{2}$	12.41	12.40 $\frac{1}{2}$	12.41	12.41
(b) Registered							
Marks	47 $\frac{1}{2}$ % dis.	54 $\frac{1}{2}$ % dis.	47 $\frac{1}{2}$ % dis.	46 $\frac{1}{2}$ % dis.	46 $\frac{1}{2}$ % dis.	46 $\frac{1}{2}$ % dis.	46 $\frac{1}{2}$ % dis.
Amsterdam ...	7.28 $\frac{1}{2}$	8.95	8.98 $\frac{1}{2}$	8.98 $\frac{1}{2}$	8.97 $\frac{1}{2}$	8.97 $\frac{1}{2}$	8.96 $\frac{1}{2}$
Brussels ...	29.32	29.07 $\frac{1}{2}$	29.46 $\frac{1}{2}$	29.47 $\frac{1}{2}$	29.50	29.54 $\frac{1}{2}$	29.60 $\frac{1}{2}$
Milan ...	62	93 $\frac{3}{4}$	95	95 $\frac{1}{2}$	94 $\frac{1}{2}$	95	94 $\frac{1}{2}$
Zurich ...	15.20	21.44 $\frac{1}{2}$	21.61 $\frac{1}{2}$	21.61	21.60 $\frac{1}{2}$	21.63 $\frac{1}{2}$	21.63 $\frac{1}{2}$
Stockholm ...	19.40	19.39 $\frac{1}{2}$	19.40	19.40	19.40	19.40	19.40
Madrid ...	36.16	70.00*	80*	80*	80*	80*	90*
Vienna ...	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$	26 $\frac{1}{2}$
Prague ...	119 $\frac{1}{2}$	140 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$	142 $\frac{1}{2}$
Buenos Aires—							
(a) Export ...	15	15	15	15	15	15	15
(b) Import ...	17.02	16.00	16.00	16.00	16.00	16.00	16.00
(c) Free ...	18.02	16.35	17.02	17.02	17.02	17.02	17.02
Rio de Janeiro—							
(a) Official ...	57 $\frac{1}{2}$ 430	55 $\frac{1}{2}$ 700	55 $\frac{1}{2}$ 500	—	—	—	—
(b) Free ...	85 $\frac{1}{2}$ 500	79 $\frac{1}{2}$ 900	86 $\frac{1}{2}$ 500	86 $\frac{1}{2}$ 500	86 $\frac{1}{2}$ 500	86 $\frac{1}{2}$ 500	86 $\frac{1}{2}$ 500
Valparaiso ...	129	131 $\frac{1}{2}$ *	124.95*	125.06*	125.00*	124.94*	124.93*
Bombay ...	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.
Hong Kong ...	15 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	15d.	15d.	15d.	15d.	15d.
Kobe ...	1/2 $\frac{1}{2}$	1/2	1/2	1/2	1/2	1/2	1/2
Shanghai ...	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.	14 $\frac{1}{2}$ d.
Gold price ...	140s. 8d.	141s. 11d.	139s. 6 $\frac{1}{2}$ d.	139s. 9d.	139s. 7 $\frac{1}{2}$ d.	139s. 7 $\frac{1}{2}$ d.	139s. 7 $\frac{1}{2}$ d.
Silver price ...	20d.	20 $\frac{1}{2}$ d.	18 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.	19 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.	20 $\frac{1}{2}$ d.

\* Nominal.

## PUBLIC REVENUE AND EXPENDITURE

	1933-4	1934-5	1935-6	1936-7	1936-7 to Jan. 23	1937-8 to Jan. 22
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
<b>REVENUE—</b>						
Income Tax ... ..	228.9	228.9	238.1	257.2	121.1	140.4
Sur-Tax ... ..	52.6	51.2	51.0	53.6	21.8	23.3
Estate Duties ... ..	85.3	81.3	87.9	88.0	68.3	72.3
Stamps ... ..	22.7	24.1	25.8	29.1	20.2	17.0
National Defence Contribution	—	—	—	—	—	0.1
Customs ... ..	179.2	185.1	196.6	211.3	171.7	180.6
Excise ... ..	107.0	104.6	106.7	109.5	92.5	96.5
Motor Vehicle Duties (Exchequer Share) ... ..	5.2	5.1	5.0	5.3	30.3*	30.0
Other Tax Revenue ... ..	2.6	3.1	2.1	1.7	0.2	0.8
<b>Total Tax Revenue ... ..</b>	<b>683.5</b>	<b>683.4</b>	<b>713.2</b>	<b>755.7</b>	<b>526.1</b>	<b>561.0</b>
Post Office (Net Receipt) ...	13.1	12.2	11.7	11.0	12.2	11.8
Post Office Fund ... ..	—	—	—	0.1	—	—
Crown Lands ... ..	1.2	1.3	1.4	1.4	1.0	1.0
Receipts from Sundry Loans	4.7	4.4	4.9	4.5	4.4	5.1
Miscellaneous Receipts ...	22.1	15.1	21.7	24.6	16.0	11.2
<b>Total Non-Tax Revenue ... ..</b>	<b>41.1</b>	<b>33.0</b>	<b>39.7</b>	<b>41.6</b>	<b>33.7</b>	<b>29.1</b>
<b>Total Ordinary Revenue ... ..</b>	<b>724.6</b>	<b>716.4</b>	<b>752.9</b>	<b>797.3</b>	<b>559.8</b>	<b>590.1</b>
Post Office ... ..	59.3	61.8	66.1	71.9	55.6	58.5
Road Fund ... ..	25.5	26.4	25.8	27.4	—	—
<b>Total Self-balancing Revenue...</b>	<b>84.8</b>	<b>88.2</b>	<b>91.9</b>	<b>99.3</b>	<b>55.6</b>	<b>58.5</b>
<b>EXPENDITURE—</b>						
National Debt Interest ...	212.9	211.6	211.5	210.9	189.9	194.1
Payments to N. Ireland ...	6.6	6.8	7.2	8.0	5.0	5.5
Other Cons. Fund Services...	4.1	3.6	5.7	3.2	2.5	2.9
Post Office Fund ... ..	—	2.3	1.1	0.4	0.4	—
Supply Services ... ..	458.8	472.2	512.0	567.2	453.0*	496.6
<b>Total Ordinary Expenditure ...</b>	<b>682.4</b>	<b>696.5</b>	<b>737.5</b>	<b>789.7</b>	<b>650.8</b>	<b>699.1</b>
Sinking Fund ... ..	7.7	12.3	12.5	13.1	—	—
Payments to U.S. Govt. ...	3.3	—	—	—	—	—
<b>Self-balancing Expenditure (as per contra) ... ..</b>	<b>84.8</b>	<b>88.2</b>	<b>91.9</b>	<b>99.3</b>	<b>55.6</b>	<b>58.5</b>

\* Motor Vehicle Duties apportioned to Road Fund, treated as self-balancing in 1936-37, now added to Revenue and Expenditure figures for purposes of comparison.

## PRODUCTION

				Coal	Pig-Iron	Steel
				Tons mill.	Tons thous.	Tons thous.
Total 1913	...	...	...	287.4	10,260	7,664
" 1925	...	...	...	243.2	6,262	7,385
" 1929	...	...	...	257.9	7,589	9,636
" 1930	...	...	...	243.9	6,192	7,326
" 1931	...	...	...	219.5	3,773	5,203
" 1932	...	...	...	208.7	3,574	5,261
" 1933	...	...	...	207.1	4,136	7,024
" 1934	...	...	...	221.0	5,969	8,850
" 1935	...	...	...	222.9	6,426	9,842
" 1936	...	...	...	228.5	7,686	11,705
" 1937	...	...	...	241.2	8,497	12,964
December, 1936	...	...	...	20.6	671	1,019
December, 1937	...	...	...	21.1	784	1,104

BOARD OF TRADE PRODUCTION INDEX NUMBER  
(1930 = 100)

	Complete Year		1936		1937		
	1935.	1936.	3rd Qr.	4th Qr.	1st Qr.	2nd Qr.	3rd Qr.
Mines and Quarries ...	91.7	94.4	89.7	99.0	99.4	100.5	95.6
Iron and Steel ...	125.6	150.1	149.1	155.6	158.1	165.6	165.5
Non-Ferrous Metals ...	137.3	143.8	145.3	154.0	154.4	166.7	173.7
Engineering and Shipbuilding	105.1	123.3	121.7	132.4	136.4	138.2	131.2
Building Materials and Building	147.0	157.1	164.7	157.3	148.5	155.9	161.6
Textiles ...	119.1	126.4	123.2	130.2	130.1	135.1	127.1
Chemicals, Oils, etc. ...	112.0	115.4	111.2	120.6	121.8	125.9	122.5
Leather and Boots and Shoes	116.0	120.7	116.4	119.6	120.6	121.3	117.7
Food, Drink and Tobacco ...	107.6	114.5	115.2	121.2	111.2	124.9	121.9
Total* ...	113.6	124.6	122.5	132.2	131.7	135.4	131.2

\* Includes paper and printing, gas and electricity, rubber, cement and tiles.

## UNEMPLOYMENT

## (a) Percentage of Insured Workers

Date	1929	1930	1931	1932	1934	1935	1936	1937
End of—								
January	12.3	12.4	21.5	22.4	18.6	17.6	16.2	12.4
February	12.1	12.9	21.7	22.0	18.1	17.5	15.3	12.0
March	10.0	13.7	21.5	20.8	17.2	16.4	14.2	11.6
April	9.8	14.2	20.9	21.4	16.6	15.6	13.6	10.5
May	9.7	15.0	20.8	22.1	16.2	15.5	12.8	10.7
June	9.6	15.4	21.2	22.2	16.4	15.4	12.8	10.0
July	9.7	16.7	22.0	22.8	16.7	15.3	12.4	10.1
August	9.9	17.1	22.0	23.0	16.5	14.9	12.0	9.9
September	10.0	17.6	22.6	22.8	16.1	15.0	12.1	9.7*
October	10.3	18.7	21.9	21.9	16.3	14.5	12.0	10.2*
November	10.9	19.1	21.4	22.2	16.3	14.5	12.0	11.0*
December	11.0	20.2	20.9	21.7	16.0	14.1	12.0	12.2*

\* New Basis.

## (b) Actual Numbers Employed and Unemployed (in thousands)

	Mar., 1932	Mar., 1934	Mar., 1935	Mar., 1936	Dec., 1936	Mar., 1937	Nov., 1937	Dec. 1937
Number employed ...	9,549	10,058	10,200	10,689	11,182	11,310	11,573	11,437
Wholly unemployed	2,129	1,814	1,727	1,551	1,353	1,330	1,227	1,280
Temporarily stopped	427	317	324	240	198	170	222	326
Normally in casual employment ...	104	94	92	88	71	76	57	59
Total unemployed ...	2,660	2,225	2,143	1,879	1,622	1,576	1,506	1,665

## RAILWAY TRAFFIC RECEIPTS

	Year.				Aggregate for 3 weeks			
	1936		1937		1937		1938	
	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods	Pas- sengers	Goods
	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
Great Western ...	11.0	15.3	11.3	16.3	0.5	0.9	0.5	1.0
London & North Eastern* ...	16.9	29.4	17.6	30.9	0.7	1.7	0.8	1.8
London Midland & Scottish ...	25.9	37.6	26.9	39.3	1.1	2.2	1.1	2.3
Southern ...	16.0	4.9	16.8	4.9	0.8	0.3	0.8	0.3
Total ...	69.8	87.2	72.6	91.4	3.1	5.1	3.2	5.4

\* The London & North Eastern Railway Returns are made up a day earlier each week than the other lines.

## RETAIL TRADE

(from the Board of Trade Journal)

Change in value since same date in previous year

	Dec., 1934	Dec., 1935	Dec., 1936	Nov., 1937	Dec., 1937
By CATEGORIES: Great Britain	%	%	%	%	%
Total ... ..	+ 1.8	+ 9.1	+ 5.5	+ 7.1	+ 8.3
Food and Perishables ... ..	+ 2.3	+10.1	+ 7.2	+ 9.0	+10.0
Other Merchandise of which					
Piece-goods* ... ..	Nil	+ 1.3	+ 0.9	+ 2.0	+ 1.3
(i) Household Goods ... ..	- 0.5	+ 4.4	+ 1.5	+ 1.7	+ 0.7
(ii) Dress Materials ... ..	+ 1.4	- 1.7	+ 0.4	+ 1.8	+ 0.9
Women's Wear* ... ..	- 0.2	+ 8.0	+ 5.5	+ 8.1	+ 9.3
(i) Fashion Departments ... ..	+ 1.0	+ 8.8	+ 9.9	+11.7	+15.6
(ii) Girls' and Children's Wear	- 3.1	+ 4.7	+ 5.1	+11.6	+10.2
(iii) Fancy Drapery ... ..	+ 0.8	+ 8.2	+ 3.2	+ 4.9	+ 5.5
Men's and Boys' Wear ... ..	- 5.9	+13.5	+ 2.9	+ 7.8	+ 5.3
Boots and Shoes ... ..	+10.8	+ 5.2	+ 7.7	+ 3.3	+12.7
Furnishing Departments ... ..	+ 8.5	+ 2.2	+ 4.7	- 0.9	Nil
Hardware ... ..	+ 4.1	+ 8.4	- 1.9	+ 2.4	- 0.2
Fancy Goods ... ..	+ 3.6	+ 4.7	+ 0.4	+ 1.1	+ 5.5
Sports and Travel ... ..	+ 4.9	+ 6.4	+ 4.2	- 3.7	+ 4.3
Miscellaneous and Unallocated	- 4.9	+17.7	+ 6.5	+ 5.0	+ 9.0
By AREAS—					
All Categories—					
Scotland ... ..	+ 2.7	+ 7.0	+ 3.8	+ 7.0	+ 7.6
North-East ... ..	—	—	—	+ 7.5	+ 9.0
North-West ... ..	—	—	—	+ 7.8	+ 8.8
Midlands & South Wales ... ..	—	—	—	+10.4	+12.3
South of England ... ..	+ 2.1	+10.9	+ 6.6	+ 8.7	+ 9.3
London, Central & West End	+ 1.1	+ 9.0	+ 1.7	- 1.0	- 0.9
London, Suburban ... ..	+ 1.7	+ 8.6	+ 7.4	+ 8.4	+10.4

\* Including some goods which cannot be allocated to sub-headings.

## OVERSEAS TRADE

Date	IMPORTS				EXPORTS			
	Food	Raw Materials	Manufactured Goods	Total	Food	Raw Materials	Manufactured Goods	Total
Monthly Average—	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.	£ mn.
1929 ... ..	44.6	28.3	27.9	101.7	4.6	6.6	47.8	60.8
1930 ... ..	39.6	20.9	25.6	87.0	5.3	5.3	36.7	47.6
1931 ... ..	34.7	14.4	21.8	71.8	3.0	3.9	24.3	32.6
1932 ... ..	31.1	13.7	13.1	58.5	2.7	3.6	23.0	30.4
1933 ... ..	28.3	15.0	12.6	56.3	2.4	3.8	23.4	30.6
1934 ... ..	28.9	17.5	14.3	61.0	2.5	4.0	25.4	33.0
1935 ... ..	29.6	17.7	15.4	63.0	2.6	4.4	27.4	35.5
1936 ... ..	31.9	20.7	17.7	70.7	3.0	4.3	28.4	36.7
1937 ... ..	36.0	26.3	22.9	85.7	3.2	5.4	33.7	43.5
Dec., 1936 ... ..	37.6	26.1	19.2	83.5	3.4	4.9	30.3	40.5
Dec., 1937 ... ..	42.8	27.3	23.3	94.3	3.5	4.9	33.3	43.9

## SOME LEADING IMPORTS

Date	Wheat	Iron Ore and Scrap	Raw Cotton	Raw Wool	Hides, Wet and Dry	Wood Pulp	Rubber	Iron and Steel Manufactures
Monthly Average—	(thous. cwt.s.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. centals of 100 lbs.)	(thous. cwt.s.)	(thous. tons)	(thous. centals of 100 lbs.)	(thous. tons)
1929 ... ..	9,314	480	1,283	678	98	137	330	235
1930 ... ..	8,731	363	1,011	652	108	128	326	243
1931 ... ..	9,952	185	989	707	106	122	237	237
1932 ... ..	8,803	159	1,048	765	105	153	176	133
1933 ... ..	9,366	234	1,169	793	120	162	189	81
1934 ... ..	8,552	392	1,052	657	116	187	395	114
1935 ... ..	8,435	415	1,060	720	141	185	325	96
1936 ... ..	8,401	587	1,289	762	157	198	116	124
1937 ... ..	8,074	669	1,382	653	157	149	254	170
Dec., 1936 ... ..	8,897	544	1,704	958	179	205	71	95
Dec., 1937 ... ..	8,079	881	2,062	654	206	177	281	288

## SOME LEADING EXPORTS

Date	Coal	Iron and Steel	Machinery	Cotton Yarns	Cotton Piece-Goods	Woollen Tissues	Worsted Tissues	Motor Cars
Monthly Average—	(thous. tons)	(thous. tons)	(thous. tons)	(mill. lbs.)	(mill. sq. yds.)	(thous. sq. yds.)	(thous. sq. yds.)	(number)
1929 ... ..	5,022	365	47	11.8	306	9,016	3,490	1,991
1930 ... ..	4,573	263	40	11.1	201	6,587	2,893	1,602
1931 ... ..	3,563	165	27	11.4	143	4,694	2,479	1,429
1932 ... ..	3,242	157	25	13.9	183	4,461	2,358	2,246
1933 ... ..	3,256	160	23	15.8	169	5,110	2,741	2,821
1934 ... ..	3,305	188	28	10.9	166	5,745	2,772	2,904
1935 ... ..	3,226	193	32	11.8	162	5,934	3,205	3,659
1936 ... ..	2,878	184	32	12.6	160	6,523	3,304	4,268
1937 ... ..	3,363	215	37	13.3	160	6,653	3,583	4,468
Dec., 1936 ... ..	2,970	205	32	12.3	170	6,159	3,802	5,427
Dec., 1937 ... ..	3,088	197	41	11.0	141	5,990	3,438	5,697

## PRICES

## 1. WHOLESALE PRICES

Date	Index Number (Sept. 16th, 1931=100)				
	U.K.	U.S.A.	France	Italy	Germany
Average 1929 ...	150.9	139.4	141.3	146.0	126.1
1931 ...	107.7	103.5	105.5	103.5	101.9
1932 ...	103.5	89.3	92.0	93.1	88.7
1933 ...	103.5	93.7	87.7	86.6	85.7
1934 ...	106.4	111.1	83.1	84.2	90.4
1935 ...	108.1	120.3	78.4	97.2	93.5
1936 ...	116.2	121.4	90.6	112.5	95.6
1937 ...	134.6	131.5	127.0	133.4	97.3
End Dec., 1936 ...	127.9	123.8	113.0	—	95.4
" Jan., 1937 ...	130.3	131.0	115.5	—	95.7
" Dec., 1937 ...	128.1	120.5	135.8	143.8	96.9
" Jan., 1938 ...	127.1	120.5	138.3	143.5	96.9

Sources: U.K., "Financial Times"; U.S.A., Irving Fisher; France, Statistique Générale; Italy, Italian Chamber of Commerce; Germany, Statistische Reichsamt.

## 2. RETAIL PRICES (cost of living)

Date	Food	Rent (including Rates)	Clothing	Fuel and Light	Other Items included	All Items included
End of 1929 ...	57	52	115	75	80	66
1931 ...	31	54	90	75	75	47
1932 ...	23	55	85	70-75	70-75	42
1933 ...	24	56	85	70-75	70-75	42
1934 ...	25	56	85-90	70-75	70-75	44
1935 ...	31	58	85	75	70	47
1936 ...	36	59	90-95	75-80	70	51
End Oct., 1937 ...	46	59	110	80	75	60
" Nov., 1937 ...	46	59	110	80-85	75	60
" Dec., 1937 ...	45	59	110	80-85	75	59

The figures represent the percentage increase above July, 1914, which is equal to 100.

## 3. COMMODITY PRICES (average for month)

Date.	Wheat No. 1 N. Manitoba	Sugar Centrifugals U.K.	Cotton American Middling	Wool 64's tops avge.	Pig-Iron, Cleveland No. 3.	Tin, Standard Cash	Rubber Plantation Sheet
	per qr. s. d.	per cwt. s. d.	per lb. d.	per lb. d.	per ton s. d.	per ton £	per lb. d.
Average 1929 ...	54 0½	9 0½	10.29	38½	70 4½	203½	10½
1931 ...	28 2½	6 4½	5.08	23½	58 7	118½	3½
1932 ...	30 6½	5 9½	5.29	22½	58 6	136½	2½
1933 ...	28 2	5 4	5.53	28½	62 3	194½	3½
1934 ...	30 11	4 8½	5.66	30½	66 10½	230	6½
1935 ...	34 3½	4 8	6.69	28	67 10	225½	5½
1936 ...	38 0	4 8½	6.67	32½	73 0	204½	7½
1937 ...	53 11½	6 4½	6.37	35½	91 10	243½	9½
Jan., 1937 ...	52 0	6 2½	7.28	37½	81 0	232½	10½
Dec., 1937 ...	57 3	6 1½	4.75	29½	106 0	189½	7½
Jan., 1938 ...	59 6	6 1	4.93	27½	109 0	185½	7½

# LLOYDS BANK

LIMITED

Head Office : 71 Lombard Street, London, E.C.3



Chairman

THE RT. HON. LORD WARDINGTON

Deputy Chairman

SIR AUSTIN E. HARRIS, K.B.E.

Vice-Chairman

FRANCIS A. BEANE

Chief General Manager

G. F. ABELL

Joint General Managers

W. G. JOHNS, D.S.O., R. A. WILSON, SYDNEY PARKES, S. P. CHERRINGTON

## Statement of Accounts

31st December, 1937

### LIABILITIES

£

Paid-up Capital .....	15,810,252
Reserve Fund .....	9,500,000
Current, Deposit, and other Accounts .....	411,276,045
Acceptances .....	3,609,820
Endorsements, Guarantees, and other Obligations .....	24,902,145

### ASSETS

Cash in hand, and with the Bank of England	43,841,442
Balances with and Cheques on other Banks in the British Isles .....	17,441,844
Money at Call and Short Notice .....	24,541,244
Balances with Banks Abroad .....	2,625,042
Bills Discounted .....	43,017,115
Investments at or under Market Value .....	114,002,646
Investments in Subsidiary and Auxiliary Companies :—	
The National Bank of Scotland Ltd. ....	2,925,118
Lloyds & National Provincial Foreign Bank Ltd. ....	600,000
Indian Premises Company Ltd. ....	54,502
Loans and Advances .....	170,844,025
Other Assets and Accounts .....	9,164,531
Bank Premises .....	7,528,788
Liabilities of Customers for Acceptances, &c. ....	28,511,965

Offices throughout England and Wales, and others in India and Burma

Printed in England.

CAUSTON  
LONDON

